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IN THE

Supreme Court of the United States

OCTOBER TERM, 1977

No. 79-669

DAWSON CHEMICAL COMPANY
CRYSTAL MANUFACTURING CORPORATION
AND
CRYSTAL CHEMICAL COMPANY,
Petitioners,

v.

ROHM AND HAAS COMPANY,
Respondent.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE AND BRIEF OF AMICUS CURIAE NATIONAL SMALL BUSINESS ASSOCIATION

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MOTION OF NATIONAL SMALL BUSINESS ASSOCIATION FOR LEAVE TO FILE A BRIEF AMICUS CURIAE

The National Small Business Association hereby moves, pursuant to Rule 42, Rules of the United States Supreme Court, for leave to file the annexed brief *amicus curiae* in support of the opinion of the United States Court of Appeals for the Fifth Circuit, in the above-captioned proceedings. Consent to the filing of this brief *amicus curiae* has been withheld by counsel for Petitioners.

The National Small Business Association (NSB) is a non-profit, tax-exempt trade association organized and operating under the laws of Ohio, whose purpose it is to represent and serve the needs of its constituent members before Congress and agencies of the federal government. The NSB membership is comprised of a

broad spectrum of industries and associations which constitute a substantial and representative portion of the small business community of this country.

The accompanying brief urges this Court to uphold the decision of the United States Court of Appeals for the Fifth Circuit, and by so doing to reaffirm its commitment to the enforcement of the patent laws to protect the rights of patentees. NSB believes it can bring to this case a perspective, not fully represented by the parties, which may assist this Court in its consideration of the case.

Accordingly, NSB respectfully requests leave to file the annexed brief *amicus curiae*.

Respecfully submitted,

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BRIEF FOR AMICUS CURIAE
NATIONAL SMALL BUSINESS ASSOCIATION

INTRODUCTION

National Small Business Association (NSB) is filing this brief *amicus curiae* with the consent of Respondent. Consent to the filing of this brief *amicus curiae* has been withheld by counsel for Petitioners.

The Court of Appeals for the Fifth Circuit has ruled that the activities of Rohm and Haas in enforcing its rights under its patents were permitted by the provisions of 35 USC §271(d), and did not amount to patent misuse. This Court is requested to affirm that decision of the Court of Appeals for the Fifth Circuit.

Many members of NSB employ the patent system as established by federal laws as a means of obtaining a modicum of protection for their ideas and inventions.

The patent system, properly supported and recognized, presents a valuable road to achieving a degree of exclusivity that permits the members of the *amicus* to establish and exploit a market for the benefit of the *amicus* as well as for the public interest. The public interest is served by being provided with access to new products and to the information embodied in the issued patents.

IDENTITY OF AMICUS CURIAE

NSB is a non-profit, tax-exempt trade association organized and operating under the laws of the State of Ohio, whose purpose it is to represent and service the needs of its constituent members before Congress and agencies of the federal government. NSB membership is comprised of a broad spectrum of industries and associations which constitute a substantial and representative portion of the small business community and this country.

Some of the members of NSB utilize the patent system and are therefore interested in preserving it to its fullest extent. The reward of the grant of a patent is a property right giving the holder of the patent a right to exclude others from making, using and selling the invention disclosed and claimed essentially within the framework of one or more claims attached to the end of the disclosure (known as the specificiation) of the patent. In exchange for this property right, the inventor must

disclose his invention in such a manner as to enable one skilled in the art to understand the invention. This enables other to design around the subject matter claimed in the patent and, ultimately, to use the disclosure of the inventor to further technology.

The membership qualificiations of NSB are parallel to those employed by the Small Business Administration in designating small business.

INTEREST OF AMICUS CURIAE

The aforementioned membership of NSB who utilize the patent system have a material concern in the ultimate outcome of the decision to be rendered by this Court in the instant matter. This case presents another opportunity for this Court to serve the public interest by affirming the doctrine of contributory infringement as codified in 35 USC §271 so that inventors of new uses for known compounds are afforded protection for their discoveries.

SUMMARY OF THE ARGUMENT

The doctrine of contributory infringement, codified by 35 USC §271(b), (c), and (d), provides a means to stimulate innovation. Patent owners can prevent direct infringement by bringing suit against those who sell materials and elements intended to be used in an infringing manner.

If a patentee can be assured of protection for discovering a new use for an old compound, innovators are encouraged to devise such use. This is of particular importance to small businesses, which may not have the facilities to produce and test new compounds for toxicity, but which can experiment with new uses for compounds whose toxic effects are known. Patent protection provides the incentive of a seventeen year exclusivity of use, thus encouraging the discovery of new uses for known compounds.

Encouraging the development of new uses for known chemical compounds benefits society as a whole. It is cheaper to pay tribute to an inventor for discovering a new use for an existing compound than to pay the cost of conducting an elaborate testing procedure for a new compound.

The statutory provision for protection involving contributory infringement limits protection of a chemical compound to the one use claimed in the patent. There is thus an incentive for others to find other uses for the compound to circumvent the claims and thus avoid contributory infringement.

The legislative hisotry of the statute showed an intent of the Congress to extend the patent grant to include the doctrine of contributory infringement. A majority of the witnesses testifying indicated that 35 USC §271 was to codify the law of contributory infringemetn as it existed prior to the *Mercoid* decisions.

ARGUMENT

1. The Doctrine of Contributory Infringement, Codified by 35 USC §271, Provides an Incentive to Innovation.

The Constitution of the United States, Article I, Section 8 Clause 8, specifically provides:

> "The Congress shall have power . . . to promote the progress of . . . useful arts, by securing for limited times . . . inventors the exclusive right to their . . . discoveries."

The present patent statute, 35 USC, places limitations on the exclusivity afforded inventors for their discoveries. The exclusivity is only for seventeen years, and the exclusivity is not awarded for obvious "inventions", therefore, nothing is taken from the public by the inventor.

Discovering a new and unobvious use for a known compound clearly falls within the purview of inventions the present statute was designed to protect, thus affording the inventor of such a use protection for his discovery. The seventeen year exclusivity of such use provides an incentive for an inventor to devise a new, use and to disclose it to the public in exchange for a patent.

However, if the Court of Appeals decision is not affirmed in this case, patent protection for a new process for using a known compound will be meaningless. If a modern invention thief involves the doctrine of misuse of the patent to nullify the doctrine of contributory infringement of a claim to using a compound, the patentee is left with little or no protection for his invention.

The doctrine of contributory infringement makes it possible to enforce a patent where it would otherwise be impractical given a universe of infringers where it is difficult to identify an infringer on an individual basis and the degree of infringement by each infringer is infrequent and minimal. To deny a patentee protection for his patent by abrogating the doctrine of contributory infringement makes a mockery of the patent grant.

In commenting on the inequity of allowing patent protection to be nullified in this manner, Giles S. Rich, now Judge of the United States Court of Customs and Patent Appeals, commented:

> "It is a fraud on the public to issue [new use] patents and then blandly inform their owners in the midst of litigation that 'it is without significance' that there is no way either to exploit or enforce the patent without committing such 'misuse' as will deprive the patentee of the aid of the courts" J.P.O.S. **35,** No. 7, 476, 479 (1953).

Courts have accepted the doctrine of contributory infringement as an acceptable means for affording protection to a patentee. In *Thompson-Houston Electric Co.* v. *Ohio Brass Co.,* 80 Fed. 712, 721 (6th Cir., 1897) Judge Taft said, "If this helpful rule is not to apply to trespass upon patent property, then, indeed, the protection which is promised the inventor is a poor sham".

This Court, in commenting upon the doctrine of contributory infringement after enactment of 35 USC, in *Aro Manufacturing Co.* v. *Convertible Top Replacement Co.,* 377 U.S. 476, 492, 122 Ed. 2d. 457 (1964), said that:

> "Congress enacted §271 for the express purpose of reinstating the doctrine of contributory infringement as it had been developed by decisions prior to *Mercoid,* and of overruling any blanket invalidation of the doctrine that could be found in the *Mercoid* opinions."

The doctrine of contributory infringement, thus allowing a patentee to enforce his patents, was codified in 35 USC §271, and specifically provides in §271(d) that:

> No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty by reason of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.

2. Small Business can Benefit from Patent Protection for New Uses of Known Compounds.

The total number of chemical compounds presently in existence is now in excess of four million. In a telephone conversation in June, 1978, with Dr. Colin Swithenbank of Rohm and Haas Company, Ms. Karen Sanderson of *Chemical Abstracts* informed Dr. Swithenbank that the total number of compounds then registered with *Chemical Abstracts* was 4.2 million. It should be noted that, in addition to those compounds which have been specifically identified in a sense to be recognized by *Chemical Abstracts,* an even larger number of compunds are named in patent specifications, either by way of generalized lists or by formulas.

Of these chemical compounds, some 47,000 are complied by TSCA. These compounds include all compounds in commercial use in the United States except pesticidal and pharmaceutical compounds. Intermediates used in manufacturing pesticides and pharmaceuticals, as well as polymers, are included in the TSCA list. Thus, there are approximately 50,000 chemical compounds for which toxicity data have been established.

Evaluating a chemical compound's toxicity is expensive in both time and financial outlay, which outlay can be justified only if sales of the compound are of such magnitude as to allow the developer of the compound to recoup his testing expenses. Many small business, because of this financial outlay, cannot justify the expense of developing new chemical compounds. However, given a known chemical

compound, the toxicity of which has already been established, a small concern can develop new uses for the compound which may be economically attractive without the overwhelming expense of testing for toxicity.

Patent protection for a new use for an existing (tested) compound thus encourages development of new uses for old compounds. There is thus an incentive for such development in the seventeen year exclusivity provided by a patent on the new use.

However, the patent protection for a new use is meaningless unless the patentee can be protected against the incursions of others marketing the compound *for the specific, patented use.* Of particular importance in this case is the compound, already known, for which no commercial use other than the use covered by the patent claims exists. The statute speaks to this very situation in 35 USC §271(c), to wit:

> Whoever sells a component of a patented . . . composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use, shall be liable as a contributing infringer.

The present case, involving a new use for a known compound, which compound has no other known use, provides a clear example of what protection 35 USC

§271(c) can offer the patentee of a new process for using a known compound.

Encouragement of developing new uses for known compounds will benefit society in the form of many businesses marketing compounds for new uses. It is less expensive for the consumer to pay tribute (in the form of royalties or the like) to the discoverer of a new use for a compound whose toxicity is know, than to pay tribute (in the form of royalties) as well as to cover the cost of the elaborate testing required to determine the toxicity of a completely new compound.

Pure research in the form of developing new compounds is generally carried on by large corporations, universities and the government. Of these, only large corporations can afford the expenses involved in testing compounds for their effect on man and his environment. However, small businesses can develop new and important uses for previously tested compounds without the enormous costs involved in testing the compounds for toxic effects. Thus, the developmental work of small businesses can complement the purely experimental work of large corporations, universities, and government, in providing commercially available, affordable compounds having significant usefulness for society.

The incentive for this developmental work is patent protection, providing a seventeen year exclusivity for that use. But, the patentee must be permitted to enforce the patent against contributory infringers as well as direct infringers. Without the doctrine of contributory infringement, a patent on a new use for a known compound is meaningless.

As an example of the value of the doctrine of contributory infringement, consider the case of a small business specializing in chemicals and formulations for the cosmetic industries. The business owns a patent directed to a method of using sun screen formulations, the formulations having no substantial use outside of the claimed method. If the decision of the United States Court of Appeals is not upheld by this Court, the small company's only remedy for infringement would be against the ultimate user, e.g., a sun bather. This is a particularly impractical remedy for a small company, and defeats the effect of the patent claims.

It should be emphasized that the protection afforded by the doctrine of contributory infringement is solely for the use claimed in the patent. This limitation of protection provides an incentive for others to find other uses for the compound to circumvent the patent claims and thus avoid contributory infringement.

Another example of the value of the doctrine of contributory infringement is a situation wherein a new use is discovered for known compound A in combination with compound B, i.e., a new composition. To hold agaisnt the doctrine of contributory infringement is to imply that in all cases when a compound is known that all uses for the compound, those already known as well as those not yet discovered, are immediately in the public domain. Thus, it can be said that a claim to A and B is unenforceable because the use of compound A in a composition with B is unenforceable.

A more concrete example can be given in the case of a new, unobvious dentifrice composition. Stannous fluoride is a known compound. Without the doctrine of

contributory infringement protecting such combinations, the combination of stannous fluoride and a dentifrice composition would not be protectible to the patentee of such a combination.

3. It was the Intent of Congress to Extend the Patent Grant to Include the Doctrine of Contributory Infringement.

The legislative history of 35 USC §271 evidenced an intent of the Congress to extend the patent grant to include the doctrine of contributory infringement.

The statutory provision of contributory infringement, 35 USC §271, was enacted by Congress to respond to a need to protect patentees in situations like the instant case where enforcement of the patent against infringers is excessively burdensome. The statutory provision was carefully crafted to afford protection only under certain exacting condition. These conditions include that the composition for use in practicing a patented process constitutes a material part fo the invention, *and* that the infringer knows that the composition is especially made or especially adapted for use in infringement of the patent, *and* it is not a staple article of commerce. When, and only when, the exacting conditions have been met, there can be contributory infringement.

It should be noted that the majority of the witnesses testifying before the Congress, whether or not they agreed with the intent of the bill, agreed that §231 [now §271] was to codify the law of contributory infringement as it existed prior to the *Mercoid* decisions [*Mercoid Corp.* v. *Mid-Continent Investment Co.*, 320 U.S. 661, 60 USPQ 21 (1944) and *Mercoid Corp.* v. *Minneapolis-Honeywell Regulator Co.*, 320 U.S. 680, 60 USPQ 30 (1944).

This Court has also affirmed the statutory doctrine of contributory infringement as overruling the *Mercoid* decisions. In his concurrence in *Aro Manufacturing* Co. v. *Convertible Top Replacement Co.*, 365 U.S. 366, 128 USPQ 354 (1961), *Aro I*, Mr. Justice Brennan stated:

> "It is true that some decisions of this Court in patent misuse cases raised doubt as to the continuing vitality of this standard in actions such as this one for relief from contributory infringement. But the Congress swept away that doubt when it gave the standard statutory sanction in 1952."

Yet again this Court affirmed the viability of the doctrine of contributory infringement in *Aro Manufacturing Co.* v. *Convertible Top Replacement Co.*, 377 U.S. 476, 141 USPQ 681 (1964), *Aro II*. In *Aro II* this Court stated that §271 ". . . was designed to codify in statutory form principles of contributory infringement which had been part of our law for almost 80 years". The Court also referred to Congressman Rogers' statement, H.R. Rep. 3760, 82nd Cong., 1st Sess., 1951 at 159:

> "Then in effect this recodification, particularly as to section 231 [which became §271 in the Patent Code of 1952], would point out to the court, at least that it was the sense of Congress that we remove this question of confusion as to whether contributory infringement existed at all, and state in positive law that there is such a thing as contributory infringement, or at least it be the sense of Congress by the enactment of this law that if you have in the *Mercoid* case done away with contributory infringement, then we reinstate it

as a matter of substantive law of the United States and that you shall hereafter in a proper case recognize or hold liable one who has contributed to the infringement of a patent".

Citing 35 USC §271(c), (d), the Court went on:

". . . Congress enacted §271 for the express purpose of reinstating the doctrine of contributory infringement as it had been developed by decisions prior to *Mercoid,* and of overruling any blanket invalidation of the doctrine that could be found in the *Mercoid* opinions." Citing *Hearings, supra,* at 159, 161-162; and the Aro I opinions of Mr. Justice Black, 365 U.S. at 348, 349 and n.n. 3-4; Mr. Justice Harlan, *id.,* at 378; and Mr. Justice Brennan, *id.,* at 365-367.

Thus the legislative history of the present statute as well as this Court's comments on it, showed a clear intent of the Congress to extend the patent grant to include the doctrine of contributory infringement as it existed prior to the *Mercoid* decisions.

CONCLUSION

For the reasons stated herein, the decision of the Court of Appeals should be affirmed.

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